



*United States Attorney  
Southern District of New York*

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**CONVICTED FRAUDSTER ROBERT BRENNAN SENTENCED  
BY U.S. TO 36 MONTHS' IMPRISONMENT FOR CONTEMPT**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that ROBERT E. BRENNAN, the former President of defunct broker-dealer First Jersey Securities, Inc. ("First Jersey"), was sentenced today in Manhattan federal court to 36 months in jail for committing criminal contempt of court.

The charges arose from BRENNAN'S violation of an order to disclose assets and an asset-freeze order entered in the Southern District of New York by United States District Judge RICHARD OWEN (the "Asset-Freeze Order") in a civil action brought against BRENNAN by the United States Securities and Exchange Commission (the "SEC").

BRENNAN violated the Asset-Freeze Order by failing to disclose his beneficial interest in the Palm Beach Princess, a

gaming ship based in West Palm Beach, Florida, and by causing a transfer of \$500,000 in July 2000 from the account of the Palm Beach Princess to his criminal defense attorney's bank account.<sup>1</sup>

At the time BRENNAN transferred the funds, he faced bankruptcy fraud and money laundering charges in United States District Court in New Jersey as well as the asset-freeze action brought by the SEC in the separate civil proceeding before Judge Owen.

BRENNAN was convicted of the bankruptcy and money laundering charges on July 26, 2001, and he is currently serving a prison term on that conviction of 110 months. Judge OWEN ordered the 36-month prison term he imposed today is to run consecutive to the 110-month term of imprisonment.

The SEC's civil action, originally filed in 1985, alleged that BRENNAN and First Jersey engaged in a massive securities fraud scheme that defrauded thousands of investors out of tens of millions of dollars. On June 19, 1995, following a 41-day trial, Judge OWEN entered judgment against BRENNAN in the amount of approximately \$75 million. Shortly after this judgment was entered against him, BRENNAN filed for bankruptcy.

On April 5, 2000, Judge Owen issued the Asset-Freeze

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<sup>1</sup> It is not alleged that BRENNAN's criminal defense attorney engaged in any wrongdoing in connection with this transfer.

Order which required Brennan to account for all assets in which he had a beneficial interest and imposed a freeze upon all of his assets not disclosed in the bankruptcy proceeding.

Thereafter, according to the Notice of Criminal Contempt Charges (the "Notice") in July 2000, in violation of the Court's Asset-Freeze Order, BRENNAN caused \$500,000 to be taken from the operating account of the Palm Beach Princess and, through a series of corporate transfers, funneled that money to the bank account of his criminal defense attorney as a payment for attorney's fees in connection with the representation of BRENNAN in the bankruptcy fraud and money laundering case in the District of New Jersey. BRENNAN never disclosed his interest in the ship to the bankruptcy court overseeing his bankruptcy proceeding or to the SEC, according to the Notice. In his statements in connection with his plea, BRENNAN admitted that the \$500,000 transfer was in violation of the Asset-Freeze Order.

During the sentencing hearing, Judge Owen stated:

"Brennan appears to be without remorse for having harmed thousands of investors by his conduct. He has attempted to avoid efforts to recover money taken from those investors[.] He has hidden substantial assets from regulators, the trustees and the bankruptcy court to frustrate that purpose. . . . One purpose of sentencing in the courts is the deterrence of others from similar conduct, and in today's questionable corporation executive climate that we are living in, I am certainly not going to say to the public that this kind of conduct, continuing long after the bankruptcy case and long after the \$75 million judgment [against

him], that this conduct does not deserve punishment."

Mr. COMEY praised the Federal Bureau of Investigation for its assistance in this prosecution. Mr. COMEY also thanked the SEC and Donald F. Conway, the court-appointed Trustee of Brennan's Bankruptcy Estate, for their efforts in discovering BRENNAN's attempt to conceal his interest in the Palm Beach Princess and his \$500,000 transfer in violation of the Asset-Freeze Order.

Assistant United States Attorney BRIAN D. COAD is charge of this prosecution.

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